



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
SHELBY COUNTY  
SHERIFF'S SETTLEMENT - 1999 TAXES**

**June 27, 2000**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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**EXECUTIVE SUMMARY**  
**SHELBY COUNTY**  
**HAROLD E. TINGLE, SHERIFF**  
**SHERIFF'S SETTLEMENT – 1999 TAXES**  
**June 27, 2000**

On July 25, 2000, fieldwork was completed on the 1999 tax settlement of the Shelby County Sheriff. An unqualified opinion was rendered on the financial statement. There were no instances of noncompliance nor were there any reportable conditions.

**Deposits:**

The Sheriff's bank deposits were fully insured or collateralized during tax year 1999.

**Financial Condition:**

The Sheriff collected \$14,568,701 of 1999 taxes and distributed the taxes in a manner which requires only minor adjustments.

**Interest Income:**

The Sheriff earned \$65,723 in interest income on 1999 taxes and paid the appropriate amount to the school district as required by statute.

**Tax Escrow Accounts:**

Escrow tax collection accounts from 1995 through 1998 taxes total \$29,443.



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Edward B. Hatchett, Jr.  
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Bobby Stratton, Shelby County Judge/Executive

Honorable Harold Tingle, Shelby County Sheriff

Members of the Shelby County Fiscal Court

Independent Auditor's Report

We have audited the Shelby County Sheriff's Settlement - 1999 Taxes as of June 27, 2000. This tax settlement is the responsibility of the Shelby County Sheriff. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with generally accepted Government Auditing Standards and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Sheriff prepares his financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the Shelby County Sheriff's taxes charged, credited, and paid as of June 27, 2000, in conformity with the basis of accounting described in the preceding paragraph.

In accordance with Government Auditing Standards, we have also issued a report dated July 25, 2000, on our consideration of the Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -  
July 25, 2000





SHELBY COUNTY  
HAROLD TINGLE, SHERIFF  
SHERIFF'S SETTLEMENT - 1999 TAXES

June 27, 2000

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 1,490,184	\$ 2,133,863	\$ 6,918,709	\$ 1,969,464
Tangible Personal Property	134,921	69,624	555,125	677,243
Intangible Personal Property				234,376
Franchise Corporation	141,542	159,591	620,157	
Additional Billings	1,167	6,429	5,336	1,878
Increased Through Erroneous Assessments	3,461	3,942	16,070	5,662
Penalties	7,836	10,679	36,234	17,081
Adjusted to Sheriff's Receipt	<u>3</u>	<u>108</u>		<u>4</u>
Gross Chargeable to Sheriff	<u>\$ 1,779,114</u>	<u>\$ 2,384,236</u>	<u>\$ 8,151,631</u>	<u>\$ 2,905,708</u>
<u>Credits</u>				
Discounts	\$ 25,944	\$ 35,163	\$ 119,377	\$ 46,075
Exonerations	20,058	16,610	85,439	50,333
Delinquents:				
Real Estate	28,679	39,789	133,150	37,897
Tangible Personal Property	1,508	799	6,208	3,968
Intangible Personal Property				991
Total Credits	<u>\$ 76,189</u>	<u>\$ 92,361</u>	<u>\$ 344,174</u>	<u>\$ 139,264</u>
Net Tax Yield	\$ 1,702,925	\$ 2,291,875	\$ 7,807,457	\$ 2,766,444
Less: Commissions *	<u>72,662</u>	<u>70,960</u>	<u>117,112</u>	<u>117,861</u>
Net Taxes Due	\$ 1,630,263	\$ 2,220,915	\$ 7,690,345	\$ 2,648,583
Taxes Paid	1,628,978	2,218,687	7,684,337	2,646,365
Refunds (Current and Prior Year)	<u>1,270</u>	<u>1,900</u>	<u>5,951</u>	<u>2,142</u>
Due Districts or (Refunds Due Sheriff)		**		
as of Completion of Fieldwork	<u>\$ 15</u>	<u>\$ 328</u>	<u>\$ 57</u>	<u>\$ 76</u>

\* and \*\* See Page 4

SHELBY COUNTY  
HAROLD TINGLE, SHERIFF  
SHERIFF'S SETTLEMENT - 1999 TAXES  
June 27, 2000  
(Continued)

\* Commissions:

10% on	\$	10,000
4.25% on	\$	5,937,572
1.5% on	\$	7,807,457
1% on	\$	813,672

\*\* Special Taxing Districts:

Library District	\$	10
Health District		3
Extension District		(79)
Landfill District		5
Shelby Suburban Fire District		47
Simpsonville Fire District		230
Pewee Valley Fire District		3
U. S. 60 East Fire District		18
Bagdad Fire District		86
Mt. Eden Fire District		1
Plum Creek Watershed District		4

Due Districts or (Refunds Due Sheriff)	\$	<u>328</u>
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SHELBY COUNTY  
NOTES TO FINANCIAL STATEMENT

June 27, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 27, 2000, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

SHELBY COUNTY  
NOTES TO FINANCIAL STATEMENT  
June 27, 2000  
(Continued)

Note 3. Property Taxes

The real and personal property tax assessments were levied as of January 1, 1999. Property taxes were billed to finance governmental services for the year ended June 30, 2000. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 30, 1999 through April 3, 2000.

Note 4. Interest Income

The Shelby County Sheriff earned \$65,723 as interest income on 1999 taxes. The Sheriff distributed the appropriate amount to the school district as required by statute, and the remainder will be used to operate the Sheriff's office.

Note 5. Tax Escrow Accounts

A. 1998 Tax Account

The 1998 tax escrow account earned \$336 in interest in calendar year 1999. The ending balance as of December 31, 1999 was \$1,295.

B. 1997 Tax Account

The 1997 tax escrow account earned \$1,171 in interest in calendar year 1999. The ending balance as of December 31, 1999 was \$22,674.

C. 1996 Tax Account

The 1996 tax escrow account earned \$59 in interest in calendar year 1999. The ending balance as of December 31, 1999 was \$2,622.

D. 1995 Tax Account

The 1995 tax escrow account earned \$65 in interest in calendar year 1999. The ending balance as of December 31, 1999 was \$2,852.

REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Honorable Bobby Stratton, Shelby County Judge/Executive  
Honorable Harold Tingle, Shelby County Sheriff  
Members of the Shelby County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the Shelby County Sheriff's Settlement - 1999 Taxes as of June 27, 2000, and have issued our report thereon dated July 25, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Shelby County Sheriff's Settlement - 1999 Taxes as of June 27, 2000 is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Shelby County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Bobby Stratton, Shelby County Judge/Executive  
Honorable Harold Tingle, Shelby County Sheriff  
Members of the Shelby County Fiscal Court  
Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
July 25, 2000



